over time as does the Consumer Price Index. It does provide a measure of how much the cost within an individual city differs from the all-cities average. It is possible to see over time if an individual city's cost of living is becoming increasingly higher or lower than this average

.

The ACCRA index for Anchorage in the first quarter of 1985 was 142.0. The first quarter 1988 index is 129.5. This means that the cost of living in Anchorage three years ago was 42% higher than the all-cities average but is now roughly 30% higher. Over the last six quarters the indexes for both Fairbanks and Juneau have moved closer to the all-cities average. Figure 2 illustrates this cost of living convergence towards the average. The Fairbanks index in July 1986 was roughly 42% higher than the all-cities average but is now approximately 31% above the all-cities average. Similarly, Juneau's index moved from 45% above the all-cities index to 30 higher. Note that, although the curves slope downward, this does not indicate a decrease in the overall cost of living in Alaska. Rather, our cost of living is increasing at a slower rate than other cities in the survey. At the same time, the differences between the curves have decreased, indicating a lessening in the cost of living differences between the three cities. For the first quarter 1988 data, any differences are statistically insignificant.

Cost of Food at Home

Comparing the cost of living between communities in Alaska is made difficult by several factors. Many goods and services available in larger cities are not readily available in some rural areas. The buying habits of urban residents vary from people in rural communities. The different consump-

Table 3
ACCRA Inter-City Cost of Living Index
(First Quarter 1988)

City	1 lb Ground Beef	½ gal Whole Milk	1 lb Coffee	House Purchase Price	Total Energy Cost	1 gal Gas	Hospital Room	Office Visit Doctor
West								
ANCHORAGE, AK	$1.42	$1.86	$3.29	$119,750	$123.10	$0.95	$370.00	$45.00
FAIRBANKS, AK	1.51	1.79	3.19	102,625	143.12	1.14	305.00	49.33
JUNEAU, AK	1.49	1.72	3.72	114,850	128.48	1.29	308.00	34.90
Salt Lake City, UT	1.11	1.05	2.79	87,982	101.66	0.96	259.00	23.20
San Diego, CA	1.47	1.02	2.41	158,500	86.48	0.92	315.00	34.00
Seattle, WA	1.12	1.18	3.29	97,061	64.80	0.94	268.36	36.40
Southwest								
Albuquerque, NM	1.10	1.24	2.45	102,860	99.36	0.96	246.20	22.20
Dallas, TX	1.46	1.37	2.39	93,936	122.55	0.87	231.20	32.80
Phoenix, AZ	1.18	0.88	2.69	99,616	96.55	0.85	261.80	31.80
Midwest								
Saint Paul, MN	1.23	1.06	2.91	89,740	122.83	0.89	312.18	25.40
Omaha, NE	1.10	1.06	2.61	84,875	82.84	0.79	184.80	27.30
Saint Louis, MO	1.20	1.24	2.95	88,170	117.65	0.92	219.40	31.80
Southeast								
Atlanta, GA	1.56	1.22	2.34	119,705	129.88	0.81	219.60	37.00
Birmingham, AL	1.26	1.35	2.38	90,400	118.39	0.83	215.40	28.60
Louisville, KY	1.41	1.36	2.55	84,020	104.43	0.81	252.20	24.40
Atlantic/New England								
Baltimore, MD	1.41	1.07	2.83	103,200	112.41	0.92	252.20	30.20
Boston, MA	1.99	1.08	2.72	272,050	144.42	0.99	390.00	43.50
New York, NY	1.59	1.15	2.71	213,800	215.46	1.06	250.00	39.00
Philadelphia, PA	1.84	1.06	2.76	119,580	191.85	0.85	397.50	38.40
ALL CITIES MEAN	1.31	1.21	2.65	94,236	110.04	0.90	216.42	26.30

All cities mean is the mean price of all 256 cities in the 1st quarter 1988 survey.
Source: Inter-City Cost of Living Index.(256 Cities) 1st Quarter 1988. American Chamber of Commerce Researchers Accociations.

tion patterns in urban and rural areas complicate comparisons in the cost of living. Subsistence contributions to some households also make cost of living comparisons more difficult.

The University of Alaska, in cooperation with the U.S. Department of Agriculture, prepares a quarterly report of food prices, to measure how much it costs to feed families in different locations in Alaska. The report also contains some comparative information on some utility and fuel costs. The Cost of Food at Home survey is not a comprehensive measure of the cost of living for communities in Alaska. It does provide some comparative measure for locations not covered by any other cost of living measure.

Table 4 shows the cost of food for a week for a family of four with elementary school children, plus other selected costs, for 19 Alaska

Figure 2
ACCRA Index for Alaska Cities
Percent Above All-cities Average
3/86 through 1/88 by quarter

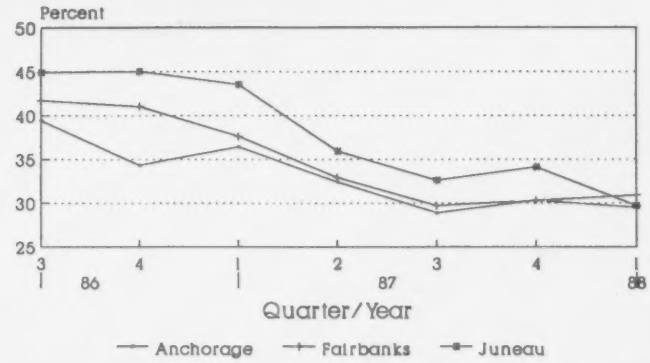


Table 4
Cost of Selected Items in Various Alaskan Communities
March 1988

Community	Percent Sales Tax	Cost of Food, 1 Week	Ratio of Food Cost to Anchorage Average (percent)	Ratio of Food Cost to U.S. Average (percent)	Electricity (1000 kwh)	Heating Oil (55 gal)	Unleaded Gasoline (1 gal)	Lumber (2x4x8)
U.S. Average	0	$86.60	98	100	-	-	-	-
Anchorage	0	88.08	100	102	$71.12	$56.05	-	-
Bethel	5	139.37	158	161	176.60	67.10	$1.54	$3.60
Cordova	4	134.54	153	155	160.00	66.00	1.40	2.80
Delta	0	117.94	134	136	91.81	45.65	1.07	2.10
Dillingham	3	140.08	159	162	113.21	83.60	1.65	3.20
Fairbanks	0	90.14	102	104	86.43	53.63	0.96	1.96
Homer	5	108.19	123	125	86.82	-	1.13	2.06
Juneau	4	88.79	101	103	75.30	65.82	1.35	2.13
Kenai	5	94.01	107	109	70.00	53.08	1.13	2.11
Ketchikan	5	84.28	96	97	86.55	50.60	1.26	1.29
Kodiak	5	106.94	121	123	145.88	57.20	1.28	2.48
Kotzebue	3	144.96	165	167	239.46	104.76	1.80	3.29
MatSu	2	95.70	109	111	101.01	46.20	0.97	1.84
McGrath	0	134.24	152	155	331.70	92.95	2.20	4.75
Nome	4	146.99	167	170	150.00	74.25	1.72	3.90
Sitka	4	97.93	111	113	66.00	51.98	1.23	2.08
Tok	0	113.44	129	131	213.26	52.25	1.28	1.92
Unalakleet	3	145.12	165	168	-	99.00	1.8[illegible]	-
Valdez	0	120.56	137	139	156.60	57.20	1.09	2.49

Family of four with elementary school children

Sales tax included in food and utility cost

- Data unavailable

Source: "Cost of Food at Home for a Week," March 1988. University of Alaska Cooperative Extension Service U.S. Dept. of Agriculture and SEA Grant Cooperative

communities. In Anchorage, the state's largest metropolitan area, the cost of food is only 2 percent higher than the national average. The March 1988 cost figures show Ketchikan has the lowest food costs of the areas surveyed. The larger cities in Alaska have food costs which are fairly comparable to those in Anchorage.

Prior examinations of the Cost of Food data have shown that the most expensive cities are smaller, more isolated communities. This continues to be true. In places such as Bethel, Kotzebue, and McGrath food costs are 50% to 70% higher than in Anchorage.

In places such as Bethel, Kotzebue, and McGrath food costs are 50% to 70% higher than in Anchorage.

Table 5 shows that the difference in the cost of food between Anchorage and the U.S. has narrowed since 1978. The cost in Anchorage has dropped from 48% higher than the U.S. to within 4 percent of the U.S. (in September 1987). The March 1988 figures show a further decline to within 2% of the U.S. costs.

The ACCRA index numbers indicate a greater difference in food costs between Alaska and the U.S. than the Cost of Food at Home for a Week study. For example, the ACCRA data show the cost of groceries in Anchorage to be 36% higher than the all-cities average whereas the Cost of Food data show only a two percent difference. This may be due in part to the limited number of items priced in the ACCRA survey, and differences in the groups the two surveys measure.

Runzheimer International's Living Cost Standards

Under contract with the State of Alaska, Runzheimer International made a study of living costs in 272 areas around the country. Like all surveys, Runzheimer developed a market basket designed around an "average" family. In the Runzheimer survey, this is a family of four with an average income of $32,000. Unlike most other surveys, Runzheimer approached price differences from an income perspective. After certain assumptions were set, such as a 1,500 square foot house and two cars driven 18,000 miles total, an income level was computed in order to maintain this standard in the location being surveyed. The data supplied shows, with these assumptions, the comparable income levels between different localities (Table 6).

Home ownership was assumed in the survey, with purchase having taken place within the last year. This component had the largest effect on the cost of living, since for all three Alaskan cities the price of a home has dropped substantially over the last couple of years. In contrast with rising costs for homes in other parts of the country,

Table 5
Cost of Food at Home for a Week
(1978-1987)

Month/ Year	U.S.	Anchorage	Percent of U.S. Average	Fairbanks	Percent of U.S. Average	Juneau	Percent of U.S. Average	Bethel	Percent of U.S. Average	Nome	Percent of U.S. Average	Kodiak	Percent of U.S. Average	Kenai	Percent of U.S. Average	Tok	Percent of U.S. Average
9/78	$56.90	$76.67	134.7	$84.15	147.9	$73.72	129.6	$114.05	200.4	$118.85	208.9	-	-	$82.48	145.0	-	-
12/79	63.70	85.80	134.7	91.92	144.3	77.55	121.7	120.44	189.1	124.62	195.6	-	-	100.41	157.6	-	-
9/80	69.20	88.44	127.8	90.54	130.8	85.92	124.2	130.87	189.1	131.14	189.5	$99.42	143.7	120.84	174.6	$108.82	157.3
9/81	72.90	86.69	118.9	98.47	135.1	93.95	128.9	138.66	190.2	150.27	206.1	-	-	-	-	114.80	157.5
9/82	74.60	77.30	103.6	92.09	123.4	99.98	134.0	125.50	168.2	149.04	199.8	-	-	-	-	-	-
9/83	74.80	81.66	109.2	83.79	112.0	88.62	118.5	128.30	171.5	130.14	174.0	104.94	140.3	86.98	116.3	-	-
9/84	77.60	84.22	108.5	91.26	117.6	91.66	118.1	136.54	176.0	142.07	183.1	115.97	149.4	87.97	113.4	121.66	156.8
9/85	78.30	89.06	113.7	90.08	115.0	106.61	136.2	138.13	176.4	152.41	194.6	108.17	138.1	91.47	116.8	116.19	148.4
9/86	82.00	87.25	106.4	90.61	110.5	87.65	106.9	137.96	168.2	142.04	173.2	105.49	128.6	92.78	113.1	124.18	151.4
9/87	85.30	88.90	104.2	85.12	99.8	88.24	103.4	140.81	165.1	147.96	173.5	104.39	122.4	96.95	113.7	117.51	137.8

Family of four with elementary school children

Sales tax included in food prices

- Data unavailable

Source: "Cost of Food at Home for a Week," September 1978 to September 1987. University of Alaska Cooperative Extension Service, U.S. Department of Agriculture and SEA Grant Cooperative.

this placed Anchorage, Fairbanks and Juneau at positions 53, 76, and 79, respectively among the 272 different areas in the survey. Similar housing trends can be seen in other surveys, particularly the CPI.

Federal Government Per Diem and Cost of Living Allowances

Although not intended to serve as a cost of living indicator, the Department of Defense regularly surveys areas to determine the maximum allowable per diem for employees on travel status. The survey addresses the costs for lodging, meals, and miscellaneous and incidental expenditures. As shown in Table 7, there is quite a difference between localities in the state. With the small number of items surveyed, these differences could well come from competition, or lack thereof, among service providers in the communities. Rural areas also show less of a difference in the per diem allowances than in most indexes of costs of living. Urban areas often charge as much or more for overnight accomodations and meals as do rural areas. Other expenses generally are less in urban areas, and this is reflected in the other cost of living indexes.

A second federal survey is conducted to compute adjustments for cost of living pay differentials for "overseas" military personnel. The multipliers for Alaska, which are applied to the pay ranges applicable to duty in the lower 48 states, are also displayed in Table 7. Like other cost of living indexes, this one targets a certain group, namely uniformed military personnel. Because of this, certain areas which would normally have higher costs for the overall population might show a lower cost of living index. In Kodiak, the cost of living seems unusually low in comparison to other indexes. The major factor in this, however, is the existence of the military post exchange in Kodiak, whichlessens the cost of living in this one location. Civilians living in Kodiak do not benefit from this service. This is an instance where data users must take into account the target population, and adjust their analysis of the data accordingly.

The Fourth Annual McDonalds Meal Index

When designing a cost of living survey, several important criteria need to be met. 1) The market basket should include all items normally used by the target group. 2) Prices should be collected from the same types of establishments in each of the communities. This means that convenience store prices should not be used in one area if prices from other areas are collected from large volume supermarkets. 3) Pricing should occur as close to the same time as possible. 4)

Table 6
Runzheimer Report - Living Cost Standards

City	Total Living Costs	Percent of Standard City	Trans	Percent of Standard City	Housing	Percent of Standard City	Goods & Services	Percent of Standard City	Misc. (includes savings)	Percent of Standard City
New York, NY	$41,699	130	$6,782	179	$17,259	157	$ 9,577	103	$2,519	120
ANCHORAGE, AK	37,404	117	4,507	119	15,771	143	10,696	115	1,926	91
Washington, D.C.	37,050	116	4,417	117	15,461	141	9,680	104	2,145	102
San Diego, CA	36,558	114	4,670	123	15,284	139	9,137	99	2,222	106
FAIRBANKS, AK	35,842	112	4,436	117	13,685	124	10,863	117	1,926	91
Boston, MA	35,262	110	4,716	125	13,074	119	9,321	101	2,005	95
JUNEAU, AK	35,240	110	4,288	113	12,883	117	11,022	119	2,076	99
STANDARD CITY, U.S.A.	32,000	--	3,782	--	10,992	--	9,272	--	2,105	--
Seattle, WA	31,746	99	4,334	115	10,460	95	9,464	102	2,390	114
Houston, TX	31,322	98	4,468	118	10,061	92	9,406	101	2,145	102
Mobile, AL	29,435	92	3,571	94	8,407	76	8,784	95	2,476	118

Source: Runzheimer International, Living Cost Division.

Since 1985, housing costs have declined in the Anchorage CPI, helping hold down the overall index

Items should be as nearly alike as possible. This is not, by any means, all the criteria which must be met for a good survey. They will help to illustrate, however, the usefullness and flaws inherent in the McDonalds Meal Index, as compiled by the Alaska Department of Labor.

The McDonalds Meal Index does not meet criteria one. This survey only answers the question, "What is the cost of a McDonalds meal in different localities?" Some of the other surveys have this problem to varying degrees. The Cost of Food at Home survey compares exactly what its title implies, food items. Although information is collected for other commodities for each locality, the experts who prepare this survey make no claim that it represents a total cost of living study for the areas.

Consistancy in the types of suppliers surveyed, criterion two, is mostly met in the McDonalds Meal Index. Although prices may vary in urban areas because of location (prices in malls might, for many reasons, prove higher than those of self-contained McDonalds), most of the rural areas will have only one outlet, with the same features as outlets in other rural areas. The ACCRA survey has been faulted by some for its lack of attention to such matters. In Alaska, the three areas are surveyed by skilled researchers. This is not necessarily the case in many other states. Lack of attention to this consistent pricing can, and will, give erroneous results.

All the surveys discussed in this article meet criterion three. The McDonalds survey was conducted over the course of two days. A decision was made to disregard promotional or sale prices, using instead the price immediately before any such reduction in price. Some surveys, with many more items in their market basket, will take the approach that such price reductions are to be expected, and will either cancel out over the course of the survey between localities or will reflect a real reduction in living costs through higher competitive pressures.

The McDonalds Meal Index fills the fourth criterion perfectly, and was one of the most important factors in selecting this item as an indicator of varying costs between communities. McDonalds places a great deal of emphasis on the consistency of its products both over time and between locations. With larger surveys, this criterion becomes harder to meet. Pricing a house and lot **exactly** the same as one in another location is impossible. As the distance between locations increases, certain brand names might not be available. Finally, certain items might have regional appeals and be unavailable in other areas surveyed.

The results of the McDonalds Meal Index survey are presented in Table 8, as well as the data from last year's survey. The authors would like to thank the McDonalds corporation and the surveyed locations for their cooperation in compiling these data.

Table 7
Federal Per Diem Rates and Cost of Living Adjustments by Communities

City	Per Diem	Percent of Anchorage	COLA Adjustments
Anchorage	125	--	118
Anaktuvuk Pass	140	112	
Barrow	146	117	
Bethel	127	102	
Cordova	130	104	134
Fairbanks	114	91	
Juneau	114	91	132
Ketchikan	111	89	132
Kodiak	118	94	120
Kotzebue	143	114	-
Nome	129	103	
Seward	122	98	134
Tanana	129	103	
Valdez	147	118	134
Yakutat	110	88	

A SURVEY MAKING TIME SERIES COMPARISONS

The Consumer Price Index

The Consumer Price Index (CPI) has been computed by the Bureau of Labor Statistics (BLS) since the early 1900s. Results of the survey show how the cost of living has changed **in a particular place** over time. The survey does not

show differences in the cost of living among several different cities. This is the most confusing aspect of the CPI to most people.

A market basket is priced for the current month, and compared to the same market basket purchased during the base period. The ratio of the current price to the base period price multiplied by 100 is the new index. For consistency, all cities use the same base period, which by definition has a value of 100. Under the most current system of computing the index, an average of a city's market basket prices during the period 1984 through 1986 serves as the base price. All cities will cross over the 100 index level at some time during this period.

The market basket covers the costs of food, shelter, fuel, clothing, transportation, medical services and other goods and services used regularly by an average consumer. Because only areas defined as urban during the 1980 census are used in the CPI surveys, Alaska's only representative is Anchorage. Still the CPI serves as an important benchmark against which to compare other expenditure surveys, and illustrates changes in the Alaska economy as compared to the entire United States (Table 9).

No other measure of price movements is as widely used as the CPI, both by the public and private sectors. The concept of price movements is an important one, as the CPI measures expenditures needed to maintain a certain standard of living, and does not attempt to measure changes in income needed to maintain this lifestyle. Factors outside the scope of the CPI, such as income taxes, are not included in computations, whereas sales taxes are included since they directly affect expenditures.

Another important consideration in analyzing CPI data is the fixed sample of goods used to compute the index. A survey of the households under consideration, the Consumer Expenditure Survey, determines the "weight" of a product in the sample. Simplified, the survey attempts to peg the amount of a product consumed by the typical household. The "relative importance" of the product in the index changes as the ratio of its price to all other products changes. Since the standards of living, and the weighting of different products, change over time, the BLS regularly updates the CPI market basket and base year. For more information on the most recent CPI update, and detailed breakouts of the various expenditure groupings, refer to the June 1988 issue of *Alaska Economic Trends*.

The cost of living in the U.S. is increasing at a more rapid pace than that of Anchorage.

Table 8
Cost of a "Quarter Pounder" Meal by Location
Surveyed August, 1988

Location	Quarter pounder w/cheese	Large Fries	Medium Drink	Total Meal Cost	Percent of Anchorage	Cost August 1987	Percent Change over year
Adak	$2.30	$0.99	$0.90	$4.19	104.0	$3.97	5.5
Anchorage	2.09	1.09	0.85	4.03	--	3.45	16.8
Eagle River	2.09	1.09	0.85	4.03	100.0	3.77	6.9
Fairbanks	1.99	0.99	0.79	3.77	93.5	3.69	2.2
Homer	1.95	0.99	0.79	3.73	92.6	3.52	6.0
Juneau	1.99	0.99	0.79	3.77	93.5	3.67	2.7
Kenai	1.99	0.99	0.82	3.80	94.3	3.61	5.3
Ketchikan	1.99	0.99	0.70	3.68	91.3	3.64	1.1
Kodiak	2.09	0.99	0.84	3.92	97.3	3.78	3.7
Sitka	1.99	0.99	0.77	3.75	93.1	3.67	2.2
Soldotna	1.99	0.99	0.82	3.80	94.3	3.61	5.3
Wasilla	2.09	0.99	0.85	3.93	97.5	3.77	4.2
Avg. Price	2.05	1.01	0.81	3.87		3.68	5.1

Analysis of the expenditure groupings, such as housing, food, fuel, and medical care, gives an indication as to their relative importance. For Alaska, the cost of housing was generally perceived to be one of the greatest factors in the state's high cost of living. Since 1985, housing costs have declined in the Anchorage CPI, helping hold down the overall index (Figure 3). With this decline, other groupings become more important to the movements of the index. Both in the Anchorage and the U.S. CPIs, medical care costs have increased in overall importance since 1985, when malpractice claims became a major topic of concern within the industry. Notice that the lines cross between 1982 and 1984. As mentioned earlier, this is the base period and will be near 100 for all localities.

As shown in Figure 4, the U.S. index has increased at a much greater rate than has the Anchorage index. It is important to remember that the CPI is a rate of change and not a comparison between locations. For this reason, Figure 4 indicates that the cost of living in the U.S. is **increasing at a more rapid pace**, but is not higher than that of Anchorage.

CONCLUSION

There is no single comprehensive measure of the cost of living which satisfies the needs of all users of such information. Cost of living measures are designed to provide specific data about a select target group. Even then a cost of living measure is not exact, but only an approximate value for an "average" consumer. Cost of living measures which are designed to compare different geographic areas can fall short of providing a good comparison because of factors which cannot be measured. With all the built in limitations, the several cost of living measures can provide good information, comparing different locations at a single point in time or, as with the CPI, a time series for a specific location.

The Consumer Price Index data show that the cost of living in Alaska is continuing to rise, as it is in other parts of the United States. It also shows that the cost in Anchorage is rising less sharply than the national average. Studies such as the Cost of Food at Home and ACCRA show that the cost of living is higher in Alaska than other parts of the U.S. but that the differences between the U.S. and Alaska are lessening. In major Alaska cities the differences in the cost of living have lessened during recent years. Now the costs in Anchorage, Fairbanks, and Juneau are comparable. One continuing observation is the relatively higher cost in more isolated communities than in the Alaskan urban centers.

Table 9
Consumer Price Index - Urban Consumers
U.S. and Anchorage, All Items and Components

	U.S.		ANCHORAGE		HOUSING		MEDICAL		FOOD & BEVERAGE	
Year	Annual Average	Percent Change	Annual Average	Percent Change	U.S. Annual Average	Anchorage Annual Average	U.S. Annual Average	Anchorage Annual Average	U.S. Annual Average	Anchorage Annual Average
60	29.6		34.4							
61	29.9	1.0	34.5	0.3						
62	30.2	1.0	34.7	0.6						
63	30.6	1.3	34.8	0.3						
64	31	1.3	35	0.6						
65	31.5	1.6	35.3	0.9						
66	32.4	2.9	36.3	2.8						
67	33.4	3.1	37.2	2.5						
68	34.8	4.2	38.1	2.4						
69	36.7	5.5	39.6	3.9						
70	38.8	5.7	41.1	3.8						
71	40.5	4.4	42.3	2.9						
72	41.8	3.2	43.4	2.6						
73	44.4	6.2	45.3	4.4						
74	49.3	11.0	50.2	10.8						
75	53.8	9.1	57.1	13.7						
76	56.9	5.8	61.5	7.7	53.8	62.6	52	52.6	62.1	64.2
77	60.6	6.5	65.6	6.7	57.4	65.5	57	57.9	65.8	68.9
78	65.2	7.6	70.2	7.0	62.4	69.7	61.8	63.4	72.2	75.9
79	72.6	11.3	77.6	10.5	70.1	78	67.5	69.1	79.9	84
80	82.4	13.5	85.5	10.2	81.1	85.9	74.9	78.8	86.7	89.7
81	90.9	10.3	92.4	8.1	90.4	92.5	82.9	86.9	93.5	94.3
82	96.5	6.2	97.4	5.4	96.9	98.2	92.5	94.8	97.3	97.2
83	99.6	3.2	99.2	1.8	99.5	99	100.6	99.7	99.5	99.7
84	103.9	4.3	103.3	4.1	103.6	102.7	106.8	105.5	103.2	103.2
85	107.6	3.6	105.8	2.4	107.7	103	113.5	110.9	105.6	106.2
86	109.6	1.9	107.8	1.9	110.9	102.6	122	127.8	109.1	110.8
87	113.6	3.6	108.2	0.4	114.2	97.5	130.1	137	113.5	113.1

For additional information on the surveys mentioned in this article, contact the Alaska Department of Labor, Research and Analysis Unit. Inquiries can also be made to the appropriate organizations listed below.

Mrs. Alice Klein
The American Chamber of Commerce Researchers Association
c/o Louisville Area Chamber of Commerce
One Riverfront Plaza
Louisville, KY 40202

The annual subscription rate for the quarterly ACCRA report is $75.

Mr. Dennis G. Taylor
Runzheimer and Company
Living Cost Division
Runzheimer Park
Rochester, WI 53167

Runzheimer Living Cost Standards are available for purchase through the company.

For information on the Cost of Food at Home for a Week survey, contact:

Marguerite Stetson
c/o University of Alaska
Cooperative Extension Service
Fairbanks, AK 9970

Figure 3
Anchorage CPI
All Item and Selected Items 1982-1984 average equals 100

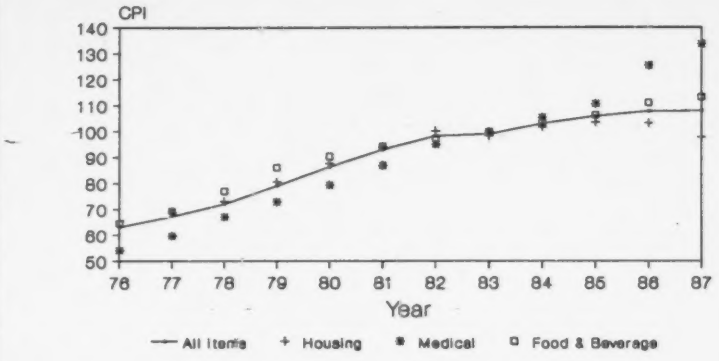
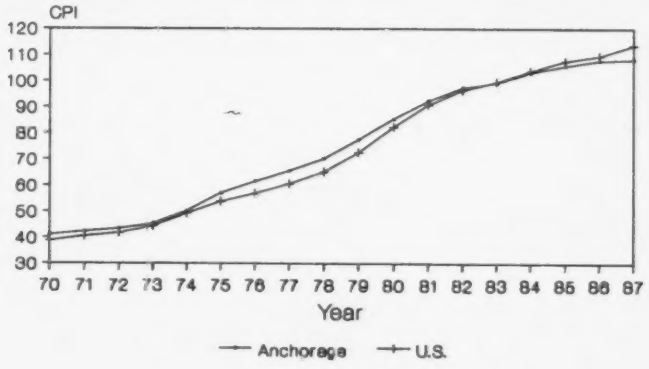


Figure 4
CPI- Urban consumers
U.S.and Anchorage 1982-1984 average equals 100



Alaska's Income Measures

By Greg Huff

In 1987 Alaska's—

* Personal income fell 2.1%, while the nation's increased 7.0%.

* Per capita income fell to 4th place among the states, from #1 in 1985.

* Total personal income totalled $9.6 billion and ranked 46th among the states.

* Government transfer payments increased due to high unemployment levels.

In 1988, the Bureau of Economic Analysis forecasts that Alaska's—

* Personal income begins to increase. However, the increases are anemic compared to the national increases.

* Total nonagricultural payroll increases $1.7 million and the average monthly wage increases $30.

In 1987 Alaska's total personal income declined for the second year in a row

These are highlights from recently released income statistics from the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) and Alaska Department of Labor (DOL). These statistics are useful in many ways. Depending upon their composition they can be used to measure the purchasing power of individuals or the economy as a whole. They can be used to gauge the average cost of an employee to a firm or as a yardstick to compare average wages in certain industries. Income data from BEA are available for the nation, on a statewide basis, or even for the state's various regions.

This article examines some common income measures available for Alaska and compares them with U.S. statistics. Also included are poverty level guidelines which are used to determine eligibility for various government programs. The statistics presented in this article are the most current at the time of writing.

Total Personal Income

According to BEA figures, in 1987 Alaska's total personal income declined for the second year in a row. This decline counters the national trend, but is understandable in light of Alaska's recession and the strong national economy. Wyoming, another state which relies heavily on oil, experienced more severe declines in personal income over the same period. Except Louisiana, every other state had increases in total income for both years. Louisiana's income fell in 1986 and rebounded modestly in 1987. Texas, the second largest oil producing state but a more diversified economy, managed to avoid declines. Still the personal income increase in Texas was far below the national average. One trend is clear— oil producing states had sluggish growth in total personal income. The degree of sluggishness depended upon how much that state's economy was based upon the oil industry.

Alaska's total personal income of $9.6 billion in 1987 is ranked 46th—higher than in Wyoming, North and South Dakota, and Vermont. Alaska's total personal income falls just shy of Montana's total personal income level.

When inflation is taken into account Alaska's 1987 income level is $1 billion more than 1982 levels, $2.5 billion above 1979, and over twice the 1970 level (Figure 1). Preliminary BEA income estimates indicate a moderate gain in personal income in 1988.

First quarter BEA income estimates for 1988 showed Alaska's total income increasing a modest 0.8%. This trend does not appear to be an aberration. Fourth quarter 1987 estimates also indicated gains (1.7%). Because inflation is low (as measured by the Anchorage CPI-U) the moderate increase is enough to maintain purchasing power.

Sources of Income

What is total personal income? The Bureau of Economic Analysis breaks income sources into three main categories: 1) earnings, 2) dividends, interest, and rent, and 3) transfer payments.

Earnings, the largest component, are derived from wages and salaries, other labor income (like contract work or tips) and proprietors' income. The earnings component in 1987 accounted for 75% of income. In 1980 earnings accounted for 84% of total personal income. During the early 1980s dividends, interest and rent, and transfer payments were gaining share of total personal income because they were growing faster than earnings. In 1986 and 1987 they gained share because earnings fell off sharply when jobs and paychecks were lost.

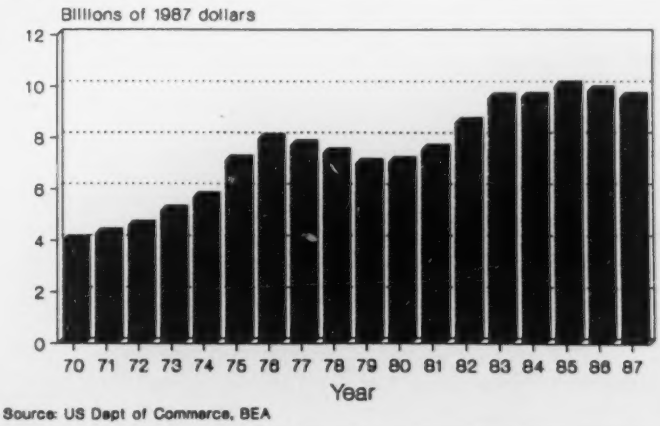
The dividends, interest, and rent income component is the aggregate of proceeds from investments made by an individual, while transfer payments are income from government assistance to individuals. Large increases in transfer payments in the early 1980s was a result of the onset of annual permanent fund dividend payments to Alaskans. Increases in the number of people applying for unemployment and other social support payments also contributed to increasing transfer payments beginning in 1985.

In early 1988 a boost in manufacturing, oil, federal and state government earnings income combined with increases in transfer payments produced moderate gains in Alaska's total personal income. Transfer payments were not boosted by increased unemployment payments, but other government assistance. The number of unemployment insurance claims declined from the peak of the previous two years. As mentioned earlier BEA's income estimates for first quarter 1988 showed Alaska's personal income rising a moderate 0.8% over the first quarter 1987 level.

U.S income statistics show that the contribution of earnings (wages and salaries, other labor and proprietors income) to personal income represent similar proportions in Alaska and the nation. The contribution of dividends, interest, and rent, however, are greater nationally than in Alaska (Figure 2). The difference can be explained by the differing age characteristics of the Alaskan and national populations. Alaskans are younger on average than

The earnings component in 1987 accounted for 75% of income. In 1980 earnings accounted for 84% of total personal income

Figure 1
Alaska Total Personal Income
1970-1987



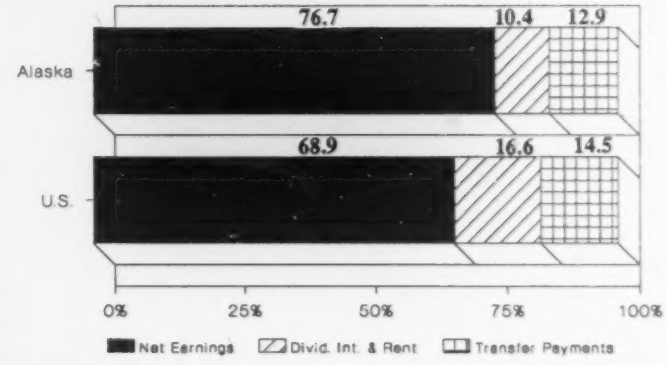
Source: US Dept of Commerce, BEA

their fellow Americans. Since older people tend to own more capital than younger people they tend to earn more dividends, interest or rent than younger people.

Alaska's small elderly population also explains a smaller percentage of transfer payments than the rest of the nation. Alaska's population aged 65 and over is only 3.4% of the total population compared to the national average of 12.1%. Since the majority of social security payments go to older Americans it makes sense that transfer payment income would be lower in Alaska.

Figures from BEA indicate that from 83% to 86% of Alaska's total personal income is disposable income, depending upon the year. These percentages fall in line with the national average. Disposable income is simply total income less taxes, hence, spendable. This would represent nearly $8 billion in 1987 that Alaskans had available to purchase goods and services or to make investments.

Figure 2
Personal Income by Component
U.S. and Alaska



Source: US Dept. of Commerce, BEA

Table 1
Components of Total Personal Income
Alaska for Selected Years

	1980	1985	1986	1987
Total Personal Income	100.0%	100.0%	100.0%	100.0%
Net Earnings (less adjustments)[1]	84.4	78.7	77.1	75.3
Dividends, Interest & Rent	7.3	10.0	10.3	11.0
Transfer Payments	8.7	11.3	12.6	13.7
Earnings	100.0%	100.0%	100.0%	100.0%
Wages and Salaries	81.8	82.2	81.4	81.1
Other Labor Income	6.8	7.2	7.1	7.0
Proprietors Income	11.4	10.6	11.5	11.9

* Adjusted using Anchorage CPI-U

[1] Personal contributions for social insurance are excluded from total personal income but included in (gross) earnings. Other adjustments include residence, farm proprietors and rental income adjustments.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Income and Household Income

Per capita personal income is defined as the annual total personal income for residents of an area divided by its resident population. This theoretically, includes every man, woman and child. /1

As Table 2 indicates, Alaska's per capita income has increased every year since 1970, except in 1984, 1986 and 1987. The U.S average per capita income did not fall during those years. As a result, Alaska's per capita income has fallen in relation to the national average. In 1987 Alaska's per capita income was 118% of the national average — down from 151% in 1982 and 173% in 1976 (peak construction year for the Trans-Alaska pipeline).

When inflation is taken into account, the per capita trends change. It is apparent that while income increased nearly every year for a decade and a half, the purchasing power of that income has fluctuated (Figure 3). Two peaks in Alaska's per capita income are evident, one in 1976 and another in 1983. The U.S. average has taken a less bumpy road. Despite ups and downs, Alaska's and the nation's per capita incomes are substantially greater than 17 years ago.

Alaska and Wyoming were the only states to experience per capita income losses in 1986 and 1987, but income in other oil-depressed states indicated little growth over the period. Because

Alaska's per capita income declined in absolute terms it also fell in rank compared to other states. In 1985 Alaska's per capita income led the nation, as it had for over a decade. By 1987 Alaska was ranked 4th.

Average household income figures can be derived from BEA data by multiplying a state's average number of persons per household by its per capita income. Using this calculation Alaska's average household income comes to $52,685, third behind Connecticut and New Jersey. Alaska's household income inches up two notches above the per capita rank because of a large average household size (Table 3).

The BEA also produces data for subregions of states, such as counties or boroughs, but these data lag one year behind the statewide estimates. In Alaska's case regional data are published for its 23 census areas, half of which correspond to the boundaries of organized boroughs, the other to unorganized areas.

Alaska's census area data reveal that 11 of the 23 census areas had per capita levels below the national average. Most of these areas are rural in character, have little industry base and low levels of cash income.

Nine census areas had levels greater than the statewide average. These areas include three of Alaska's urban centers— Anchorage, Juneau and Ketchikan, which represent one-half of Alaska's total population. The six other areas which have a per capita income greater than the statewide average have smaller populations and at least one high paying industry in their boundaries which makes a sizable contribution to the employment base. For some areas, the oil industry is the primary catalyst, for others it is government or the fishing or timber industries. Three of the areas are boroughs- Bristol Bay, Haines and North Slope. The other three are census areas- Skagway-Yakutat-Angoon, Valdez-Cordova and Wrangell-Petersburg.

Noncash sources of goods and services, which are important in many Alaskan rural census areas, are not included in personal income data. Many census

Alaska's average household income comes to $52,685, third behind Connecticut and New Jersey

Table 2
Total and Per Capita Personal Income
Alaska and the United States
1970-1987

	Alaska Total (millions of dollars)	U.S. Total (millions of dollars)	Alaska Per Capita (dollars)	U.S. Per Capita (dollars)	Alaska Percent of U.S. Per Capita
1970	1,517	825,528	4,986	4,051	123
1971	1,671	888,453	5,279	4,296	123
1972	1,832	976,071	5,610	4,664	120
1973	2,160	1,095,076	6,482	5,181	125
1974	2,632	1,204,070	7,635	5,644	135
1975	3,755	1,307,539	10,121	6,069	167
1976	4,521	1,446,099	11,499	6,647	173
1977	4,674	1,601,844	11,764	7,289	161
1978	4,805	1,806,207	11,947	8,133	147
1979	5,017	2,026,684	12,435	9,025	138
1980	5,586	2,252,021	13,797	9,910	139
1981	6,449	2,514,231	15,520	10,949	142
1982	7,739	2,663,432	17,360	11,480	151
1983	8,758	2,834,385	18,134	12,098	150
1984	9,140	3,101,163	18,090	13,114	138
1985	9,777	3,317,239	18,726	13,895	135
1986	9,780	3,521,393	18,378	14,606	126
1987	9,576	3,768,125	18,230	15,481	118

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Note: Income figures in this table are not adjusted (no adjustment has been made for price changes).

areas with low per capita income have exceptionally high costs for energy, food and other goods and services. (See Cost of Living article this *Trends*.) For these reasons, caution is advised when using per capita personal income data to compare the standard of living between census areas of the state.

Sources of Wages and Salaries

This section is broken into two segments. The first uses data from the U.S Department of Commerce to compare the industry distribution of wage and salaries in Alaska to the distribution nationally. This section provides a general perspective to Alaska's economic uniqueness. The second section uses Alaska Department of Labor data and will look at the

Table 3
Per Capita Personal
and Average Household Income By State
1986-1987

STATE	1986	1987	1986-87 Percent Change	1986-87 Percent U.S.	1987 Avg. Persons Household	1987 Avg. Household Income
Connecticut	$19,547	$21,266	8.8	137	2.62	$55,717
District of Columbia	18,876	20,457	8.4	132	2.35	48,074
New Jersey	18,793	20,352	8.3	131	2.68	54,543
Massachusetts	17,635	19,142	8.5	123	2.58	49,386
Alaska	18,378	18,230	-0.8	117	2.89	52,685
Maryland	16,934	18,124	7.0	117	2.68	48,572
New York	16,821	18,004	7.0	116	2.58	46,450
California	16,792	17,821	6.1	115	2.68	47,760
New Hampshire	16,396	17,529	6.9	113	2.61	45,751
Delaware	15,498	16,696	7.7	107	2.64	44,077
Virginia	15,423	16,517	7.1	106	2.63	43,440
Illinois	15,503	16,442	6.1	106	2.65	43,571
Nevada	15,453	16,366	5.9	105	2.49	40,751
Minnesota	14,993	15,927	6.2	102	2.6	41,410
Hawaii	14,683	15,679	6.8	101	3.02	47,351
Washington	14,866	15,599	4.9	100	2.51	39,153
Colorado	15,114	15,584	3.1	100	2.56	39,895
Florida	14,622	15,584	6.6	100	2.46	38,337
Rhode Island	14,589	15,555	6.6	100	2.57	39,976
United States	14,606	15,481	6.0	100	2.64	40,870
Michigan	14,807	15,393	4.0	99	2.68	41,253
Pennsylvania	14,281	15,212	6.5	98	2.62	39,855
Kansas	14,503	15,126	4.3	97	2.54	38,420
Wisconsin	13,923	14,742	5.9	95	2.62	38,624
Missouri	13,946	14,687	5.3	94	2.56	37,599
Ohio	13,857	14,612	5.4	94	2.61	38,137
Nebraska	13,572	14,328	5.6	92	2.54	36,393
Arizona	13,679	14,315	4.6	92	2.68	38,364
Vermont	13,320	14,302	7.4	92	2.58	36,899
Georgia	13,454	14,300	6.3	92	2.69	38,467
Iowa	13,335	14,236	6.8	92	2.55	36,302
Oregon	13,239	14,041	6.1	90	2.48	34,822
Maine	12,846	13,954	8.6	90	2.57	35,862
Indiana	13,124	13,914	6.0	89	2.63	36,594
Texas	13,494	13,866	2.8	89	2.75	38,132
North Carolina	12,423	13,314	7.2	86	2.6	34,616
North Dakota	12,440	13,004	4.5	84	2.62	34,070
Tennessee	11,984	12,880	7.5	83	2.61	33,617
Wyoming	12,723	12,709	-0.1	82	2.72	34,568
Oklahoma	12,249	12,551	2.5	81	2.55	32,005
South Dakota	11,803	12,550	6.3	81	2.59	32,505
Montana	11,726	12,347	5.3	79	2.6	32,102
Kentucky	11,268	12,059	7.0	78	2.65	31,956
South Carolina	11,286	12,004	6.4	77	2.77	33,251
Alabama	11,293	11,940	5.7	77	2.69	32,119
New Mexico	11,459	11,875	3.6	76	2.78	33,013
Idaho	11,172	11,868	6.2	76	2.74	32,518
Arkansas	11,025	11,507	4.4	74	2.61	30,033
Louisiana	11,233	11,473	2.1	74	2.78	31,895
Utah	10,968	11,366	3.6	73	3.19	36,258
West Virginia	10,587	11,020	4.1	71	2.63	28,983
Mississippi	9,663	10,292	6.5	66	2.81	28,921

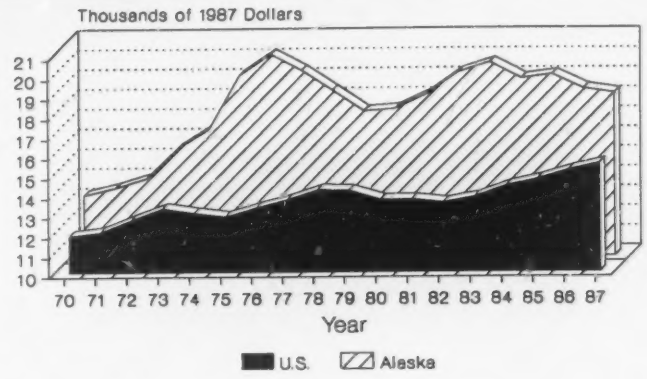
Source: U.S. Department of Commerce, Bureau of Economic Analysis
Note: Income figures in this table are not adjusted (no adjustment has been made for price changes).

industry and regional wage and salary trends within Alaska.

Alaska/National Wage and Salary Comparisons

Figure 4 illustrates the relative share of each industry in Alaska's and the nation's total payroll. Most striking are the differences in the level of government and manufacturing payroll. Alaska's manufacturing industry's share of total payroll is a fraction of the share it represents nationally, but government's portion of total payroll in Alaska is twice that of its national share. All segments of government, federal, state and local, represented a higher share in Alaska than they do nationally.

Figure 3
Alaska and U.S.
Real Per Capita Income 1970-1987



Source: US Dept of Commerce, BEA

Table 4
Alaska Per Capita Income
1984-1986

	1984	1985	1986	Percent of U.S.	Rank in State	1985-86 Percent Change
Alaska[1]	$18,090	$18,726	$18,378	125.8	--	-2.8
United States	13,114	13,895	14,606	100.0	--	5.2
Census Areas						
Aleutian Islands	13,520	17,182	16,396	112.3	12	-4.6
Anchorage Borough	20,319	20,829	20,550	140.7	5	-1.3
Bethel	10,525	11,045	11,189	76.6	22	1.3
Bristol Bay Borough	21,346	23,911	26,133	178.9	1	9.3
Dillingham	12,546	14,584	14,419	98.7	13	-1.1
Fairbanks North Star Borough	18,101	18,239	17,240	118.0	10	-5.5
Haines Borough	18,649	21,378	23,592	161.5	2	10.4
Juneau Borough	21,739	22,837	22,453	153.7	3	-1.7
Kenai Peninsula Borough	15,333	15,228	13,742	94.1	17	-9.8
Ketchikan Gateway Borough	17,231	18,974	19,626	134.4	7	3.4
Kodiak Island Borough	12,432	13,924	14,257	97.6	14	2.4
Matanuska-Susitna Borough	17,798	14,904	13,509	92.5	18	-9.4
Nome	12,816	13,667	13,747	94.1	16	0.6
North Slope Borough	27,635	24,938	21,590	147.8	4	-13.4
Northwest Arctic Borough	12,115	12,568	12,613	86.4	19	0.4
Prince of Wales-Outer Ketchikan	14,038	14,152	14,224	97.4	15	0.5
Sitka Borough	15,365	16,345	16,903	115.7	11	3.4
Skagway-Yakutat-Angoon	14,218	16,701	18,153	124.3	9	8.7
Southeast Fairbanks	12,246	12,618	12,354	84.6	20	-2.1
Valdez-Cordova	16,541	20,345	19,805	135.6	6	-2.7
Wade Hampton	7,269	8,094	8,564	58.6	23	5.8
Wrangell-Petersburg	14,802	18,492	18,738	128.3	8	1.3
Yukon-Koyukuk	12,755	12,102	11,861	81.2	21	-2.0

[1] Per capita personal income was computed using the sum of the Bureau of the Census's census area estimates as of March 1 of each year. Hence, Alaska's per capita income in this table is slightly different from other tables presented in this table where per capita income is computed using the Statewide population estimate on July 1.

Source: U.S. Department of Commerce; Bureau of Economic Analysis
Note: Income figures in this table are not adjusted (no adjustment has been made for price changes.

Another significant difference in wages and salaries between Alaska and the nation is Alaska's relatively large mining industry payroll. In Alaska over 8% of total payroll is accounted for by the mining industry (primarily related to the oil and gas industry); just over 1% of the nation's payroll comes from the mining industry.

Alaska's Wage and Salary Trends

As mentioned earlier, the largest component of personal income comes from wages and salaries. the decline in Alaska total personal income in 1986 and 1987 resulted because of declining payrolls (Figure 5).

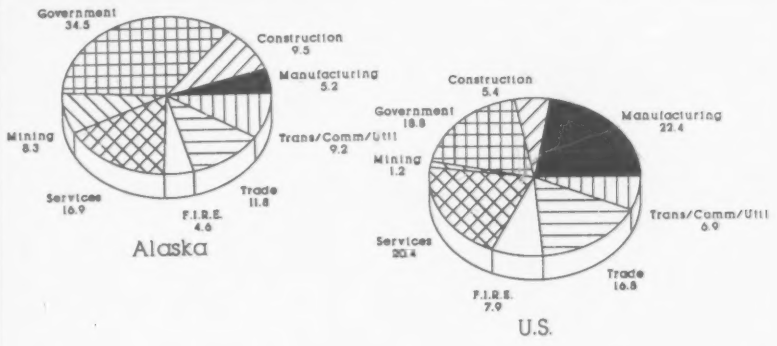
Average monthly wage per job data provide insight into Alaska's income trends. The data help determine the average wage cost to a firm per job, but may overstate or understate the actual monthly earnings per worker. For example, industries characterized by high proportions of part-time workers have lower average monthly wage levels. The average monthly wage is below full-time wage for employees in that industry. The retail and services industries are prime examples of this type of industry.

The opposite effect characterizes industries with low proportions of part-time workers, or industries which typically schedule heavy weekend and overtime work. Prime examples include the construction and oil and gas industries. (Oil and gas is the major component of the mining industry.)

For specific occupational wages in Alaska see Alaska Department of Labor's annual *Alaska Wage Rates* publication.

As Table 5 indicates Alaska's average monthly wage peaked in 1984 and had fallen about $75 by 1987. Most of the

Figure 4
Nonagricultural Payroll by Industry
Alaska and U.S. 1987



Source: Bureau of Economic Analysis

Table 5
Alaska Average Monthly Wage
By Industry
1980-1987

Industry	1980	1981	1982	1983	1984	1985	1986	1987
Mining	$3,802	$4,030	$4,254	$4,550	$4,703	$5,311	$4,921	$5,171
Construction	3,342	3,756	3,941	3,860	3,651	3,383	3,425	3,315
Manufacturing	1,846	1,828	1,955	2,065	2,115	2,000	2,019	2,116
Trans. Comm. & Util.	2,458	2,731	2,915	2,931	2,946	2,797	2,896	2,718
Trade	1,342	1,446	1,522	1,598	1,624	1,546	1,610	1,409
Wholesale Trade	2,156	2,286	2,446	2,533	2,558	2,558	2,601	2,484
Retail Trade	1,154	1,244	1,302	1,373	1,397	1,316	1,376	1,272
Finance-Ins. & R.E.	1,565	1,687	1,915	2,017	2,122	2,252	2,173	2,258
Service	1,404	1,614	1,792	1,831	1,837	1,719	1,802	1,655
Government	1,945	2,142	2,296	2,420	2,480	2,627	2,565	2,641
Federal	1,741	1,952	2,019	2,172	2,268	2,348	2,298	2,414
State	2,312	2,433	2,567	2,683	2,698	2,887	2,829	2,895
Local	1,847	2,071	2,295	2,397	2,464	2,617	2,539	2,615
State Average	1,931	2,140	2,301	2,379	2,382	2,369	2,345	2,308

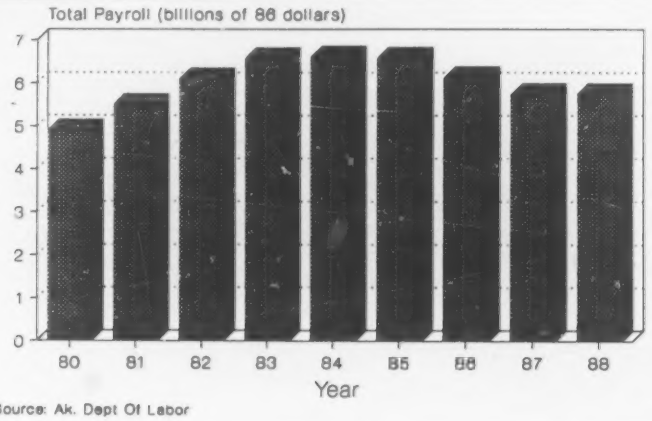
Source: Alaska Department of Labor; Research and Analysis, *Statistical Quarterly*
Note: Income figures in this table are not adjusted (no adjustment has been made for price changes).

decline was due to the reduction of the number of hours worked per month and to a lesser extent the decline in hourly pay.

When price increases are taken into account this decline is somewhat more acute, but with the Anchorage CPI-U (Consumer Price Index) rising less than 6% over that period it does not alter the amount by much. In the early 1980s average monthly wages outpaced inflation. By 1984 the boom was already cooling and wage increases on average did not keep up with inflation. As the economy began to slide so did wages, but not as much as might be expected during Alaska's worst recession in recent memory. Early 1988 data indicate gains in the average monthly wage.

Table 6 contains detailed average monthly wage data for Alaska's 23 census areas. Generally, those areas that contain high concentrations of oil and gas, construction or government employment tend to have a greater average monthly wage than those areas with small concentrations of those industries.

Figure 5
Alaska's Nonagricultural Payroll
1980-1988 (88 is estimated)



Source: Ak. Dept Of Labor

Table 6
Alaska Average Monthly Wage
By Census Area

AREA NAME	1980	1981	1982	1983	1984	1985	1986	1987
Aleutian Islands Census Area	$1,549	$1,590	$1,702	$1,693	$1,769	$1,875	$1,892	$2,009
Anchorage Borough	1,921	2,075	2,208	2,289	2,327	2,346	2,385	2,363
Bethel Census Area	1,197	1,466	1,634	1,735	1,792	1,756	1,830	1,743
Bristol Bay Borough	1,695	2,045	1,989	1,904	2,099	1,860	1,960	2,013
Dillingham Census Area	1,637	1,764	1,849	2,150	1,862	1,858	1,863	1,828
Fairbanks North Star Borough	2,049	2,210	2,384	2,474	2,414	2,432	2,347	2,320
Haines Borough	1,256	1,539	1,728	1,897	2,008	2,089	2,237	2,360
Juneau Borough	1,873	2,093	2,195	2,283	2,267	2,295	2,320	2,341
Kenai Peninsula Borough	2,031	2,197	2,313	2,309	2,344	2,343	2,255	2,169
Ketchikan Gateway Borough	1,868	1,904	2,069	2,137	2,110	2,099	2,107	2,138
Kodiak Island Borough	1,534	1,636	1,878	2,003	1,857	1,968	1,620	1,757
Matanuska-Susitna Borough	1,585	1,745	1,926	1,918	2,036	1,725	1,976	1,974
Nome Census Area	1,481	1,648	1,898	1,933	1,980	1,970	1,988	2,022
North Slope Borough	3,800	4,415	4,778	4,849	4,911	1,951	4,341	4,079
Northwest Arctic Borough	1,576	1,717	1,729	1,986	2,020	4,681	1,914	1,958
Prince of Wales-Outer Ketch. C.A.	1,866	1,851	1,955	2,124	2,091	1,937	2,039	1,954
Sitka Borough	1,838	2,062	2,140	2,082	2,088	2,000	2,009	2,040
Skagway-Yakutat-Angoon C.A.	1,435	1,623	1,832	2,055	1,703	1,759	1,786	1,746
Southeast Fairbanks Census Area	1,479	1,661	1,637	1,765	1,807	1,900	2,036	1,914
Valdez-Cordova Census Area	2,222	2,407	2,488	2,411	2,501	2,507	2,483	2,475
Wade Hampton Census Area	1,150	1,328	1,444	1,447	1,463	1,414	1,450	1,570
Wrangell-Petersburg Census Area	1,524	1,766	1,909	2,084	1,950	2,098	2,058	2,006
Yukon-Koyukuk Census Area	2,126	2,318	2,405	2,465	2,393	2,063	2,090	2,046
State Average	1,931	2,140	2,301	2,379	2,382	2,369	2,345	2,308

Source: Alaska Department of Labor; Research and Analysis Section, *Statistical Quarterly*.
Note: Income figures in this table are in current dollars (no adjustment has been made for price changes.)

In addition, the urban areas of the state tend to have higher monthly wages than the rural areas. In some rural areas, wage and salary employment is scarce. In this case subsistence and other noncash sources of goods and services become the primary means of livelihood. Hence, the average monthly wage data is not an overall measure of the standard of living between areas.

Poverty Thresholds

Poverty thresholds are used in many government programs. Some programs use the guidelines as a criteria for individual eligibility and others use them for giving priority to persons or families in the provision of assistance or services. Two of the most commonly used poverty guidelines are the Lower Living Standard Income Level (LLSIL) and the Poverty Income Guidelines.

Each year these poverty thresholds are published in the *Federal Register* and *Employment and Training Reporter.*

The LLSIL is used by the Job Training Partnership Act (JTPA) to determine eligibility. For this program the term "economically disadvantaged" is defined as 70% of the LLSIL (Table 7). The Poverty Income Guidelines are used for a number of other federal programs and are released by the Department of Health and Human Services (Table 8). These guidelines are a simplified version of the federal government's statistical poverty thresholds used by the Bureau of the Census to estimate the number of persons and families in poverty. Each year the guidelines are updated to account for last year's increase (or decrease) in the Consumer Price Index.

Summary

This article has provided the most common income measures available for Alaska. Overall these statistics show that Alaska's total income grew enormously during the early 1980s, but by the mid 1980s began to slow down. In 1986 and 1987 Alaskans' income declined, but by early 1988 income declines had ceased and there are indications that a slow to moderate growth trend will take hold.

Table 9 contains some information concerning the income measures discussed in this article and others the Department of Labor produces.

Table 7
1988 Lower Living Standard Income Level (LLSIL)

Family Size	Metropolitan Income Criteria for 100% of the LLSIL	Alaska Income Criteria for 70% of the LLSIL	Nonmetropolitan Income Criteria for 100% of the LLSIL	Alaska Income Criteria for 70% of the LLSIL
1	$9,471	$6,630	$8,914	$6,240
2	15,528	10,870	14,600	10,220
3	21,314	14,920	20,043	14,030
4	26,310	18,420	24,750	17,320
5	31,058	21,740	29,200	20,440
6	36,314	25,420	34,143	23,900
Add for each additional family member:	5,256	3,680	4,943	3,460

Table 8
1988 Poverty Income Guidelines

Family Size	Alaska	All States Except Alaska and Hawaii
1	$7,210	$ 5,770
2.	9,660	7,730
3	12,110	9,690
4	14,560	11,650
5	17,010	13,610
6	19,460	15,570
Add for each additional family member:	2,450	1,960

Source: *Federal Register*, Vol. 53, No. 29, August 12, 1988, p. 4213-4214.

1/ BEA uses the Bureau of the Census population estimates as of July 1 of each year. For 1987 they used a population of 523,000. The Alaska Department of Labor estimates Alaska's population at 537,000. The difference in these two estimates could represent a variance of almost $500 in the per capita figure. However, the other states have similar problems, so relative ranking changes are hard to distinguish.

Table 9
A Summary of Income Measures

	Personal/Per Capita Income	Nonagricultural Wage and Salary Earnings	Poverty Income Guidelines	Lower Level Standard Income Level (LLSIL)
Description:	Estimates of total personal and per capita income	Total payroll and average monthly wage for nonagricultural workers	Estimated income used to determine program eligibility	Estimated income used to determine program eligibility
Responsible Agency:	U.S. Department of Commerce, Bureau of Economic Analysis	Alaska Department of Labor, Research & Analysis	U.S. Department of Commerce, Bureau of Census	U.S. Department of Labor, Employment and Training Administration
Source Of Data:	Estimates of wages, salaries, dividends, proprietors' income, rental income, etc.	Reports from employers on employment and wages covered by unemployment insurance	Survey and economy food plan	Urban Family Budget
Time Period:	Quarterly Annually	Quarterly Annually	Annually	Annually
Industry Detail:	Major Industry	None	None	Major Industry
Geographic Detail:	Alaska 23 Census Areas	Alaska 23 Census Areas	Alaska	Anchorage (Urban) Balance of State (Rural)
Published In:	Survey of Current Business	Statistical Quarterly	Federal Register	Federal Register

	Workers With Wages	Current Employment Statistics Hours and Earnings	Wage Rates for Selected Occupations
Description:	20% sample of annual workers with covered wages, mean and median incomes	Sample-based estimates of average hours worked, average weekly wages, and average hourly wages for production workers	High, low, and average hourly wage rates for over 200 occupations
Responsible Agency:	Alaska Department of Labor, Research & Analysis	Alaska Department of Labor, Research & Analysis	Alaska Department of Labor, Research & Analysis
Source Of Data:	Reports from employers on employment and wages covered by unemployment insurance	Current Employment Statistics program, a voluntary sample of employers	Voluntary mail and telephone survey
Time Period:	Quarterly Annually	Monthly Annually	Annually
Industry Detail:	Major Industry	Major Industry	None
Geographic Detail:	Alaska	Alaska	Alaska 6 Regions
Published In:	UI Actuarial Report	Alaska Economic Trends	Alaska Wage Rates

Alaska's Employment Scene

by John Boucher

Unemployment Continues to Drop

Alaska's unemployment rate continued to plunge in July, falling to 7.6% from last month's unemployment rate of 8.7% (Table 6). The July 1988 unemployment rate was the lowest rate for July since 1977. That was the final year of construction for the Trans-Alaska pipeline. If normal seasonal patterns hold, the unemployment rate could fall under 7.0% in the next two months. While July's unemployment rate was the lowest it has been since September 1985, more than 19,000 Alaskans are still unemployed. Even if Alaska's rate should fall under 7.0%, it would still be above the national average unemployment rate, which in July was 5.5%.

Every region of the state is participating in the recent movement toward a tight labor market. Except Southwest Alaska, all areas of the state had lower unemployment rates than a year ago. Before July, Southwest Alaska had also

Table 1
State of Alaska
Appropriations Totals (millions)

	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89 (preliminary)
Operating Agencies (Auth.)[1]											
Unrestricted General Funds	$851.7	$959.6	$1,364.3	$1,706.2	$1,897.8	$1,958.0	$2,110.5	$2,116.5	$1,844.1	$1,911.3	$1,977.1
Other Funds	297.3	349.4	393.5	476.8	539.9	479.4	575.2	672.0	666.8	653.6	711.8
Total Operating Funds	1,149.0	1,309.0	1,757.8	2,183.0	2,437.7	2,437.4	2,685.7	2,788.5	2,510.9	2,564.9	2,688.9
Debt Service[2]											
Unrestr. Gen. Fund (G.O. Bond)	59.8	75.2	97.4	102.4	143.6	178.6	169.5	163.3	155.0	148.0	147.4
Other Funds (Int. Airport R.F.)	1.9	1.9	2.6	1.8	2.0	2.0	5.6	5.6	10.2	8.4	8.8
Total Debt Service	61.7	77.1	100.0	104.2	145.6	180.6	175.1	168.9	165.2	156.4	156.2
Capital (Auth.)[3]											
Unrestricted General Funds	171.0	92.0	565.2	1,164.9	470.1	778.4	1,241.9	471.4	337.6	173.4	98.4
Other Funds	338.4	81.7	414.6	72.4	239.7	398.5	192.1	431.7	438.3	115.8	224.4
Total Capital Funds	509.4	173.7	979.8	1,238.3	709.8	1,176.9	1,434.0	903.1	775.9	289.2	322.8
Loan Programs (Auth.)											
Unrestricted General Funds	14.0	33.5	560.1	471.8	337.0	171.9	140.0	80.4	61.0	22.6	16.7
Other Funds	0.0	0.0	0.7	1.0	1.0	20.4	0.4	0.0	6.5	18.9	9.0
Total Loan Funds	14.0	33.5	560.8	472.8	338.0	192.3	140.4	80.4	67.5	41.5	25.7
Total											
Unrestricted General Funds	1,096.5	1,160.3	2,587.0	3,445.3	2,848.5	2,086.9	3,661.9	2,831.6	2,397.7	2,255.3	2,239.6
Other Funds	637.4	433.0	811.4	552.0	782.6	900.3	773.3	1,109.3	1,121.8	796.7	954.0
Total Funds	1,733.9	1,593.3	3,398.4	3,997.3	3,631.1	3,987.2	4,435.2	3,940.9	3,519.5	3,052.0	3,193.6
Extraordinary Items											
Unrestricted General Funds	0.0	0.0	2,309.5	1,167.0	708.3	300.0	510.0	138.6	0.0	250.0	
Other Funds	0.0	0.0	0.0	0.0	41.0	198.9	155.1	403.8	544.4	436.2	**numbers not available at press time**
Total Extraordinary Items	0.0	0.0	2,309.5	1,167.0	749.3	498.9	665.1	542.4	544.5	686.2	
TOTAL											
Unrestricted General Funds	1,096.5	1,160.3	4,896.5	4,612.3	3,556.8	3,386.9	4,171.9	2,970.2	2,397.7	2,326.9	
Other Funds	637.4	433.0	811.4	552.0	823.6	1,099.2	928.9	1,513.1	1,666.3	1,387.8	
GRAND TOTAL	$1,733.9	$1,593.3	$5,707.9	$5,164.3	$4,380.4	$4,486.1	$5,100.8	$4,483.3	$4,064.0	$3,714.7	

[1] Agency "adjusted base" totals one-time, special and supplemental operating appropriations.
This category includes local school debt retirement, education, municipal assistance and revenue sharing.
FY79 and FY80 figures are estimated from Executive Budget books.
FY89 contingent appropriation of $34.4 million to science foundation has not been included
FY88 & FY89, General Fund/Program Receipts are included in the General Fund operating budget totals.

[2] FY 79-84: Actual appropriations for general oblibation debt retirement allocated to agencies. FY85-89: Debt service authorizations.

[3] Session totals: OMB has adjusted some figures to reflect repeals and reappropriations and the definition of capital projects enacted in AS 37.07.120(4)

Source: State of Alaska; Office of Management and Budget.

Table 2
April FY88 Revised Budget
Employment Changes by Election District

Election District	Permanent Positions	FY87 Auth	FY88 Auth	FY89 Auth	Net Change 88-89	Percent Change
District 1 (Ketchikan, Wrangell, Petersburg)	Full Time	310	303	298	-5	-1.7
	Part Time	174	180	180	0	0.0
District 2 (Inside Passage, Cordova)	Full Time	51	52	53	1	1.9
	Part Time	77	66	74	8	12.1
District 3 (Baranof, Chichagof)	Full Time	191	182	179	-3	-1.6
	Part Time	70	75	68	-7	-9.3
District 4 (Juneau)	Full Time	3,341	3,072	3,259	187	6.1
	Part Time	364	387	383	-4	-1.0
District 5 (Kenai, Cook Inlet)	Full Time	395	387	410	23	5.9
	Part Time	172	170	177	7	4.1
District 6 (North Kenai, South Coast)	Full Time	359	457	543	86	18.8
	Part Time	167	179	181	2	1.1
District 7-15 (Anchorage)	Full Time	5,443	5,079	5,227	148	2.9
	Part Time	651	706	646	-60	-8.5
District 16 (Matanuska-Susitna)	Full Time	615	596	608	12	2.0
	Part Time	130	135	138	3	2.2
District 17 (Interior Highways)	Full Time	175	168	155	-13	-7.7
	Part Time	188	186	120	-66	-35.5
District 18-21 (Fairbanks)	Full Time	3,186	3,029	3,073	44	1.5
	Part Time	465	521	586	65	12.5
District 22 (North Slope, Kotzebue)	Full Time	97	90	98	8	8.9
	Part Time	34	28	29	1	3.6
District 23 (Norton Sound)	Full Time	175	161	169	8	5.0
	Part Time	69	81	74	-7	-8.6
District 24 (West Interior Rivers)	Full Time	86	72	72	0	0.0
	Part Time	71	81	80	-1	-1.2
District 25 (Lower Kuskokwim)	Full Time	233	213	238	25	11.7
	Part Time	50	56	54	-2	-3.6
District 26 (Bristol Bay, Aleutian Islands)	Full Time	76	75	73	-2	-2.7
	Part Time	128	144	155	11	7.6
District 27 (Kodiak, East Alaska Peninsula)	Full Time	176	171	168	-3	-1.8
	Part Time	126	130	131	1	0.8
Multi-District	Full Time	36	33	30	-3	-9.1
	Part Time	0	0	1	1	-
Total	Full Time	14,945	14,140	14,653	513	3.6
	Part Time	2,936	3,125	3,077	-48	-1.5
TOTALS		17,881	17,265	17,730	465	2.7

This report does not include Marine Highway vessel crews, employees of the Court System or the Legislature.

Office of Management and Budget, Division of Budget Review.

been experiencing over-the-year improvement in its labor market. However, weak salmon runs in Bristol Bay contributed to higher local and regional unemployment rates in July. On the other hand, Southeast Alaska, Anchorage-MatSu and the Gulf Coast regions showed significant improvement in their unemployment rates from July 1987.

Other evidence of a tightening labor market is the difficulty some employers have met filling jobs this summer. Newspapers in Ketchikan, Kodiak, Anchorage and Juneau reported employers having difficulty filling certain jobs. Low paying and seasonal jobs have been especially difficult to fill. One reason for the tight labor market in Alaska is the vigorous economy in the lower 48. Individuals who might have come to Alaska for summer employment probably stayed closer to home because they were able to find employment.

Table 3
Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 7/88	r/ 6/88	Changes From: 7/87	6/88	7/87
Nonag. Wage & Salary	223,600	216,500	225,500	7,100	-1,900
Mining	9,300	9,100	8,900	200	400
Construction	11,500	10,600	12,500	900	-1,000
Manufacturing	22,600	16,700	22,400	5,900	200
Seafood Processing	15,900	9,900	15,800	6,000	100
Lumber & Paper Prod.	3,400	3,500	3,200	-100	200
All Other Manufacturing	3,300	3,300	3,400	0	-100
Transportation	19,000	18,700	19,400	300	-400
Trucking & Warehousing	2,600	2,600	2,700	0	-100
Water Transportation	1,200	1,100	1,300	100	-100
Air Transportation	5,900	5,800	5,700	100	200
All Other Transportation	5,600	5,700	5,800	-100	-200
Trade	43,500	43,000	43,900	500	-400
Wholesale	7,600	7,400	7,700	200	-100
Retail	35,900	35,600	36,200	300	-300
Gen. Mer.& Apparel	5,200	5,000	5,100	200	100
Food Stores	6,100	6,200	6,000	-100	100
Eating & Drinking Pl.	13,300	13,300	13,900	0	-600
All Other Retail	11,300	11,100	11,200	200	100
Finance-Ins. & R.E.	10,900	10,800	11,300	100	-400
Services	43,900	43,400	44,200	500	-300
Government	62,900	64,200	62,900	-1,300	0
Federal	18,200	18,200	18,500	0	-300
State	18,400	18,500	17,800	-100	600
Local	26,300	27,500	26,600	-1,200	-300

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1987.

p/ Denotes Preliminary Estimates.
r/ Denotes Revised Estimates.

Employment Trends

July is typically the month when seafood processing employment asserts itself on the Alaskan economy and this July was no exception. Of 7,100 additional jobs in Alaska in July 6,000 of them were in the seafood processing industry. During July one in every 14 wage and salary jobs was in the seafood processing industry. In some regions of the state, such as Southwest Alaska, that ratio is much higher. In Southwest Alaska, one job out of every three was a seafood processing job. The Gulf Coast region of the state had one in every four jobs in seafood processing.

Amazing as these numbers seem, the wage and salary employment counts published in *Alaska Economic Trends* do not include fish harvesting employment. Therefore the total employment impact the fishing industry has on these regions is understated by these numbers. Previous studies by the Alaska Department of Labor show that the number of seafood harvesters in July is about 1.5 times the number of jobs in seafood processing. Assuming this ratio held this summer, the total number of seafood harvesters statewide in July is about 26,000. Combined, harvesting and processing employment topped 40,000 in July.

While the fishing industry numbers seem exceptional, many regions in Southwest Alaska had a disappointing salmon season. This is especially true of the world famous Bristol Bay sockeye run. Through August 13 the Alaska Department of Fish and Game (ADFG) reported 14.3 million sockeye caught in Bristol Bay. This is well below the original forecast for this species. A smaller than expected catch is a double edged sword for Alaska's economy. While fewer fish caught means less seafood processing employment, fishermen have been the beneficiaries of tremendous price hikes for their product.

If Bristol Bay was a disappointment, the Cook Inlet sockeye fishery was a gold rush for harvesters and

Table 4

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage

	p/ 7/88	r/ 6/88	7/87	Changes From: 6/88	7/87
Nonag. Wage & Salary	101,800	100,500	103,550	1,300	-1,750
Mining	3,700	3,550	3,150	150	550
Construction	5,550	5,050	6,550	500	-1,000
Manufacturing	3,000	2,700	2,950	300	50
Transportation	9,700	9,600	9,950	100	-250
Trucking & Warehousing	1,550	1,500	1,650	50	-100
Water Transportation	350	300	350	50	0
Air Transportation	3,350	3,300	3,350	50	0
All Other Transportation	2,650	2,700	2,700	-50	-50
Trade	23,650	23,550	23,850	100	-200
Wholesale	5,550	5,450	5,550	100	0
Retail	18,100	18,100	18,300	0	-200
Gen.Merch. & Apparel	2,450	2,400	2,450	50	0
Food Stores	2,850	2,900	2,800	-50	50
Eating & Drinking Pl.	7,000	7,000	7,350	0	-350
All Other Retail	5,800	5,800	5,700	0	100
Finance-Ins. & R.E.	7,100	7,100	7,600	0	-500
Services	24,250	24,050	24,150	200	100
Government	24,850	24,900	25,350	-50	-500
Federal	10,550	10,500	10,700	50	-150
State	6,200	6,300	6,300	-100	-100
Local	8,100	8,100	8,350	0	-250

Fairbanks

	p/ 7/88	r/ 6/88	7/87	Changes From: 6/88	7/87
Nonag. Wage & Salary	26,450	26,500	26,750	-50	-300
Mining	100	100	200	0	-100
Construction	1,850	1,700	2,000	150	-150
Manufacturing	550	550	600	0	-50
Transportation	2,300	2,300	2,400	0	-100
Trucking & Warehousing	400	400	400	0	0
Air Transportation	350	350	300	0	50
All Other Transportation	600	600	650	0	-50
Trade	6,250	6,250	5,850	0	400
Wholesale	750	750	800	0	-50
Retail	5,500	5,500	5,050	0	450
Food Stores	850	850	700	0	150
All Other Retail	4,650	4,650	4,350	0	300
Finance-Ins. & R.E.	850	850	950	0	-100
Services	5,900	5,800	6,000	100	-100
Government	8,650	8,950	8,750	-300	-100
Federal	2,950	2,950	3,000	0	-50
State	3,400	3,550	3,300	-150	100
Local	2,300	2,450	2,450	-150	-150

Anchorage-MatSu

	p/ 7/88	r/ 6/88	7/87	Changes From: 6/88	7/87
Nonag. Wage & Salary	108,500	106,950	110,000	1,550	-1,500
Mining	3,700	3,600	3,150	100	550
Construction	5,800	5,250	6,800	550	-1,000
Manufacturing	3,150	2,800	3,100	350	50
Transportation	10,400	10,300	10,650	100	-250
Trade	25,550	25,300	25,600	250	-50
Finance-Ins. & R.E.	7,600	7,550	8,050	50	-450
Services	25,550	25,200	25,250	350	300
Government	26,750	26,950	27,400	-200	-650

Interior

	p/ 7/88	r/ 6/88	7/87	Changes From: 6/88	7/87
Nonag. Wage & Salary	30,500	30,450	30,950	50	-450
Mining	300	300	350	0	-50
Construction	2,100	1,900	2,250	200	-150
Manufacturing	600	550	600	50	0
Transportation	2,650	2,600	2,800	50	-150
Trade	6,650	6,650	6,350	0	300
Finance-Ins. & R.E.	900	900	1,050	0	-150
Services	6,500	6,400	6,700	100	-200
Government	10,800	11,150	10,850	-350	-50

Gulf Coast

	p/ 7/88	r/ 6/88	7/87	Changes From: 6/88	7/87
Nonag. Wage & Salary	24,100	21,350	23,850	2,750	250
Mining	750	750	800	0	-50
Construction	1,100	1,000	1,250	100	-150
Manufacturing	7,500	4,700	7,250	2,800	250
Seafood Processing	6,900	4,100	6,650	2,800	250
All Other Manufacturing	600	600	600	0	0
Transportation	1,400	1,350	1,400	50	0
Trade	4,100	4,100	4,050	0	50
Wholesale	600	550	650	50	-50
Retail	3,500	3,550	3,400	-50	100
Finance-Ins. & R.E.	600	550	600	50	0
Services	3,550	3,500	3,600	50	-50
Government	5,100	5,400	4,900	-300	200
Federal	500	500	600	0	-100
State	1,600	1,550	1,450	50	150
Local	3,000	3,350	2,850	-350	150

Southeast Alaska

	p/ 7/88	r/ 6/88	7/87	Changes From: 6/88	7/87
Nonag. Wage & Salary	31,350	30,200	31,300	1,150	50
Construction	1,100	1,050	1,250	50	-150
Manufacturing	5,450	4,600	5,350	850	100
Seafood Processing	2,000	1,050	2,000	950	0
Lumber & Paper Prod.	3,200	3,300	3,100	-100	100
All Other Manufacturing	250	250	250	0	0
Transportation	2,400	2,400	2,450	0	-50
Trade	4,950	4,850	5,050	100	-100
Wholesale	450	450	450	0	0
Retail	4,500	4,400	4,600	100	-100
Finance-Ins. R.E.	1,150	1,150	1,100	0	50
Services	4,950	4,900	5,100	50	-150
Government	11,150	11,100	10,900	50	250
Federal	2,050	1,950	2,050	100	0
State	5,150	5,100	4,950	50	200
Local	3,950	4,050	3,900	-100	50

For the first time since FY 85 there is an increase in the overall amount of funds committed to capital spending

processors. The upper Cook Inlet sockeye fishery looks to be the second largest catch ever recorded. In addition the weak Bristol Bay run and the resulting demand for sockeye pushed prices paid to fisherman to record levels. ADFG reported that ex-vessel value paid for fish will exceed $150 million. If 40% of the ex-vessel value was paid to fishermen as wages, the $60 million dollars in wages paid in this fishery would nearly equal the entire *annual* payroll in the hotel and motel industry in 1987.

Other than seafood processing, employment gains in other industries were predominantly small seasonal increases. The construction industry added 900 jobs statewide, a good portion of which was road construction or heavy construction. Residential and commercial construction continues to be a drag on the construction industry. The resulting over-the-year job loss in the construction sector is now 1,000 jobs.

Local government employment took the largest decline in July, losing 1,200 jobs. The contraction was the result of local school districts continuing to let go of staff for the summer.

The State's Fiscal Year 89 Budget

In many other states completion of the state's spending plan for the current fiscal year is an item of limited interest. In Alaska, state government acts as a basic industry because of the resident employment, wages and income generated from oil revenue. Since state government is such a key player, economy watchers monitor state spending to determine the direction the economy will take during the next 12 months.

If one phrase could describe the FY 89 budget it would be "steady as she goes." The preliminary state spending plan does not differ tremendously in overall state spending from FY 88. This is probably the most significant development with the FY 89 budget. For the past ten years Alaska's budget has been characterized by fluctuation from year to year. In the early '80s increasing state spending was one of the catalysts for rapid employment growth. In the last three years declining state spending was among the reasons for declining employment. In FY 89, the state budget should provide a steadying influence to Alaska's economy and will provide additional employment opportunities

Table 5
Alaska Hours and Earnings for Selected Industries [1/2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 7/88	R/ 6/88	7/87	P/ 7/88	R/ 6/88	7/87	P/ 7/88	R/ 6/88	7/87
Mining	$1,123.20	$1,183.36	$1,090.68	48.0	50.1	48.8	$23.40	$23.62	$22.35
Construction	1,062.20	1,050.03	1,017.56	42.9	43.3	42.1	24.76	24.25	24.17
Manufacturing	462.78	501.48	458.72	44.8	44.3	47.0	10.33	11.32	9.76
Seafood Processing	384.19	373.01	390.95	46.4	45.6	49.3	8.28	8.18	7.93
Lumber & Paper Prod	588.66	638.73	580.78	38.2	42.3	38.9	15.41	15.10	14.93
Trans., Comm. & Util.	612.61	575.94	584.07	37.4	36.2	36.3	16.38	15.91	16.09
Trade	394.40	375.76	381.98	35.5	33.7	35.5	11.11	11.15	10.76
Wholesale	580.14	547.56	534.71	42.1	39.0	41.1	13.78	14.04	13.01
Retail	335.00	320.00	329.31	33.4	32.0	33.5	10.03	10.00	9.83
Finance-Ins. & R.E	389.76	381.92	381.90	34.8	34.1	33.5	11.20	11.20	11.40

Benchmark March 1987

[1] Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

[2] Excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

for Alaskans.

Stable spending does not mean that the budget pie will be distributed the exact same way in FY 89 as it was in FY 88. Table 1 is a historical summary of Alaska's budget.

The most notable change from FY 88 to FY 89 is increased state spending on capital projects. For the first time since FY 85 there was an increase in the overall amount of funds committed to capital spending. However it should be noted that increased capital spending did not come from a greater commitment from the state general fund. The other funds portion, which is predominantly federal funds, increased substantially. This allowed overall capital spending to increase.

The other notable change in the budget was the continuing drop in the amount of funds committed to loan programs. This portion has shrunk steadily since FY 83. In recent years, the largest general fund loan program has been the postsecondary education student loan program. A legislative decision in 1987 to shift to bonding has reduced that expenditure significantly, allowing the loan program to continue while freeing up general fund monies for other purposes.

Employment Trends

The impact of increases in the state's operating budget on employment is expected to add 500 additional jobs in state government, an increase of more than 2%. Most of the employment additions are in four areas; Anchorage, Fairbanks, Juneau and Seward (Table 2). Estimates of a multiplier which would quantify the induced effect on the economy suggest that an additional 300 jobs will be created due to the employment increase.

According to the University of Alaska's Institute of Social and Economic Research (ISER), from every $100 million in state spending on capital projects about 500-600 direct jobs are created in the economy. The effect of the additional capital projects spending in FY 89 would be about 150-200 more jobs created by capital spending than in FY 88. The induced effect would create an additional 90-120 jobs.

All totaled, the FY 89 budget should add 650-700 jobs directly to the Alaska economy. Induced employment will raise this figure to between 1000 and 1100 additional jobs.

In addition to employment created by direct state spending on operating and capital expenditures, the budget plays a crucial role in the level of local government employment. Monies are appropriated by the state directly to local government entities to underwrite their operating expenses. Examples are state appropriations to local school districts, municipal assistance, revenue sharing and direct capital grants to local governments.

The FY 89 budget should add 650-700 jobs directly to the Alaska economy

The municipal assistance and revenue sharing appropriations for FY 89 are exactly the same as they were for FY 88. Since funding allocations generally do not change significantly from year to year each local government can count on approximately the same amount of money as it received last year from this revenue source. Theoretically there will be little or no change in the amount of employment created by these state expenditures.

This is not to say that there would be no change in the overall level of local government employment during the state fiscal year. Most local government entities do not rely on the state for all of their revenue. Property taxes or sales taxes for example are often used by local governments to raise revenue. If the "other" sources of revenue are not as productive for the local government entity during the next fiscal year, they still may be faced with an overall decline in spending and may have to cut employment.

Will Revenue be a Problem?

The state's FY 89 budget should provide a measure of stability to Alaska's economy and some additional employment opportunities for Alaskans. However, there has been some apprehension recently that the

budget was based on revenue projections and oil prices which are optimistic given the current oil market. If oil prices continue at their current level, the state could be facing a $350 million deficit by the end of the fiscal year. It should be stressed that it is early in the fiscal year and there have recently been some major developments with crucial Middle East oil producers. It is too early to predict what effect the Iran-Iraq cease fire will have on prices or what direction prices will take in the fall and winter quarters. The above employment increases depend on higher prices than are currently being experienced in the market.

If the state should find itself in the position of running a deficit halfway through the fiscal year, policy makers will be faced with a dilemma. Would they tend to cut expenditures or explore alternate sources of revenue to make up the deficit? If past precedent has been an indication, the tendency has been to cut expenditures rather than either raise taxes or tap the permanent fund. Given these circumstances and the proven volatility of the world oil market, caution is advised when counting on an economic expansion driven by state expenditure during FY 89.

Table 6
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 7/88	R/ 6/88	7/87	P/ 7/88	R/ 6/88	7/87	P/ 7/88	R/ 6/88	7/87	P/ 7/88	R/ 6/88	7/87
Alaska Statewide	255,025	251,071	265,978	19,420	21,735	25,171	7.6	8.7	9.5	235,605	229,336	240,807
Anch.-MatSu Region	129,433	128,748	135,230	9,517	10,286	12,070	7.4	8.0	8.9	119,916	118,462	123,160
Anchorage Borough	114,174	113,771	119,480	7,182	8,088	9,258	6.3	7.1	7.7	106,992	105,683	110,222
MatSu Borough	15,259	14,977	15,750	2,335	2,198	2,812	15.3	14.7	17.9	12,924	12,779	12,938
Gulf Coast Region	31,392	28,953	32,609	2,267	2,873	3,330	7.2	9.9	10.2	29,125	26,080	29,279
Kenai Peninsula Bor	19,984	18,436	20,988	1,793	2,147	2,701	9.0	11.6	12.9	18,191	16,289	18,287
Kodiak Island Bor	6,917	6,404	7,066	211	399	325	3.1	6.2	4.6	6,706	6,005	6,741
Valdez-Cordova	4,491	4,113	4,555	263	327	304	5.9	8.0	6.7	4,228	3,786	4,251
Interior Region	37,230	37,762	39,440	3,793	4,272	4,964	10.2	11.3	12.6	33,437	33,490	34,476
Fairbanks North Star Br	32,104	32,481	33,914	3,214	3,546	4,126	10.0	10.9	12.2	28,890	28,935	29,788
Southeast Fairbanks	2,166	2,176	2,295	216	222	284	10.0	10.2	12.4	1,950	1,954	2,011
Yukon-Koyukuk	2,960	3,105	3,231	363	504	554	12.3	16.2	17.1	2,597	2,601	2,677
Northern Region	8,194	8,310	8,358	910	926	1,020	11.1	11.1	12.2	7,284	7,384	7,338
Nome	3,159	3,185	3,225	387	375	433	12.3	11.8	13.4	2,772	2,810	2,792
North Slope Borough	2,867	2,900	2,875	186	182	174	6.5	6.3	6.1	2,681	2,718	2,701
Northwest Arctic Bor	2,168	2,225	2,258	337	369	413	15.5	16.6	18.3	1,831	1,856	1,845
Southeast Region	35,112	34,392	36,523	1,901	2,325	2,818	5.4	6.8	7.7	33,211	32,067	33,705
Haines Borough	888	889	940	50	80	90	5.6	9.0	9.6	838	809	850
Juneau Borough	15,560	15,147	16,198	752	848	1,171	4.8	5.6	7.2	14,808	14,299	15,027
Ketchikan Gateway Br	6,936	6,789	7,164	374	453	504	5.4	6.7	7.0	6,562	6,336	6,660
Pr. of Wales-Outer Ktch.	2,610	2,641	2,706	230	343	290	8.8	13.0	10.7	2,380	2,298	2,416
Sitka Borough	4,196	4,113	4,357	213	268	315	5.1	6.5	7.2	3,983	3,845	4,042
Skagway-Yakutat-Ang.	1,618	1,582	1,676	148	163	184	9.1	10.3	11.0	1,470	1,419	1,492
Wrangell-Petersburg	3,304	3,231	3,482	134	170	264	4.1	5.3	7.6	3,170	3,061	3,218
Southwest Region	13,664	12,906	13,818	1,032	1,053	969	7.6	8.2	7.0	12,632	11,853	12,849
Aleutian Islands	3,773	3,541	3,793	135	128	93	3.6	3.6	2.5	3,638	3,413	3,700
Bethel	5,349	5,040	5,479	503	493	549	9.4	9.8	10.0	4,846	4,547	4,930
Bristol Bay Borough	472	457	462	33	45	16	7.0	9.8	3.5	439	412	446
Dillingham	2,354	2,246	2,400	97	128	104	4.1	5.7	4.3	2,257	2,118	2,296
Wade Hampton	1,716	1,622	1,684	264	259	207	15.4	16.0	12.3	1,452	1,363	1,477

P/ = Preliminary R/ = Revised 1987 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's rural localities have proportionately more of these discouraged workers.

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